State of Iowa
EIP Impact Assessment

EIP Steering Committee
Session Overview
August 27, 2004

Today's Agenda

1. **Project Accomplishments**
2. **Financial Review**
3. **Common Executive Vision**
4. **Departmental Business Drivers**
5. **Identified Effectiveness and Efficiencies**
6. **Operational Maturity Finding**

Project Team

Coeur Business Group

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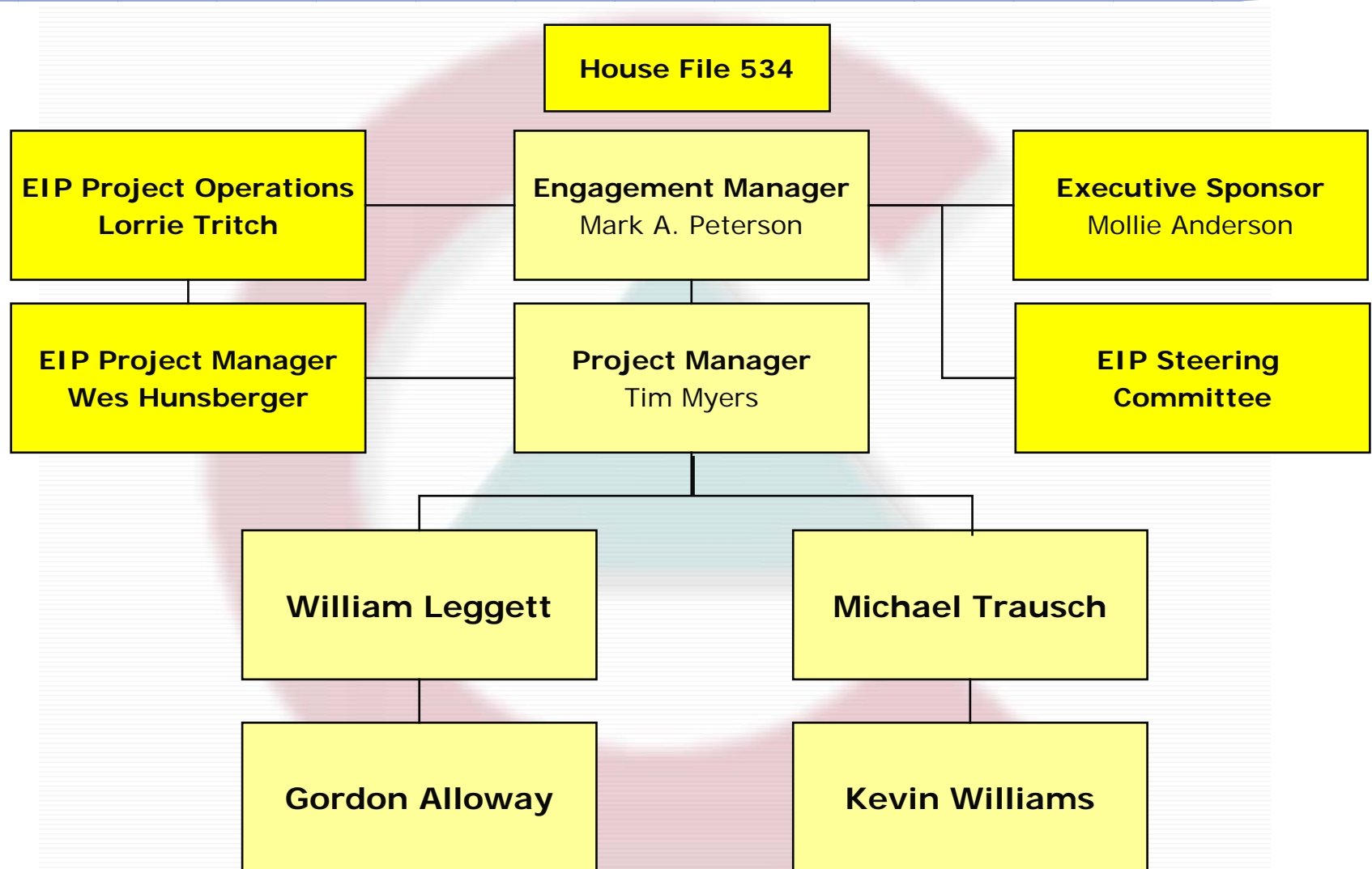
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Tim Myers – Deputy Engagement Manager

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│ EIP Project Operations│  │ Engagement Manager │  │  Executive Sponsor   │
│    Lorrie Tritch     │  │  Mark A. Peterson  │  │   Mollie Anderson    │
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│  EIP Project Manager │  │  Project Manager   │  │    EIP Steering      │
│   Wes Hunsberger     │  │     Tim Myers      │  │     Committee        │
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      ┌──────────────────┐              ┌──────────────────┐
      │ William Leggett  │              │ Michael Trausch  │
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      ┌──────────────────┐              ┌──────────────────┐
      │ Gordon Alloway   │              │ Kevin Williams   │
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Project Status

Project Phases

- ♦ **Phase 1**
  - *Project Initiation and Kickoff*
- ♦ **Phase 2**
  - *Current State Discovery (2A)*
    - – Executive & Team Critical Success Factor Interviews
    - – Value perception Survey (Value Position of IT)
    - – Identify Business Drivers
    - – Identify Critical Issues
    - – Identify IT Operational Capabilities and Agility
    - – Common Vision Requirements

- ♦ **Phase 3**
  - *Scenario Development*
- ♦ **Phase 4**
  - *Organizational Recommendations*

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Phase 2A – Accomplished Tasks

- ♦ 44 Departments (units) Interviewed
  - *Executives & Staff*
- ♦ Multiple IT Functions and Sites
  - *ICN, ITE, Data Centers*
- ♦ Governors Office & Legislators
- ♦ 130 + Individuals
- ♦ AFSME
- ♦ Created DRAFT Findings
- ♦ Department Collaboration & Feedback
- ♦ Defined Common Vision Elements
- ♦ Distributed & Receiving "Value Surveys"
- ♦ Operations Controls & Agility Workshops
  - *31 Departments*
  - *Success, Barriers and Improvements Defined*

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Executive Interviews (Defining Vision, Strategy)
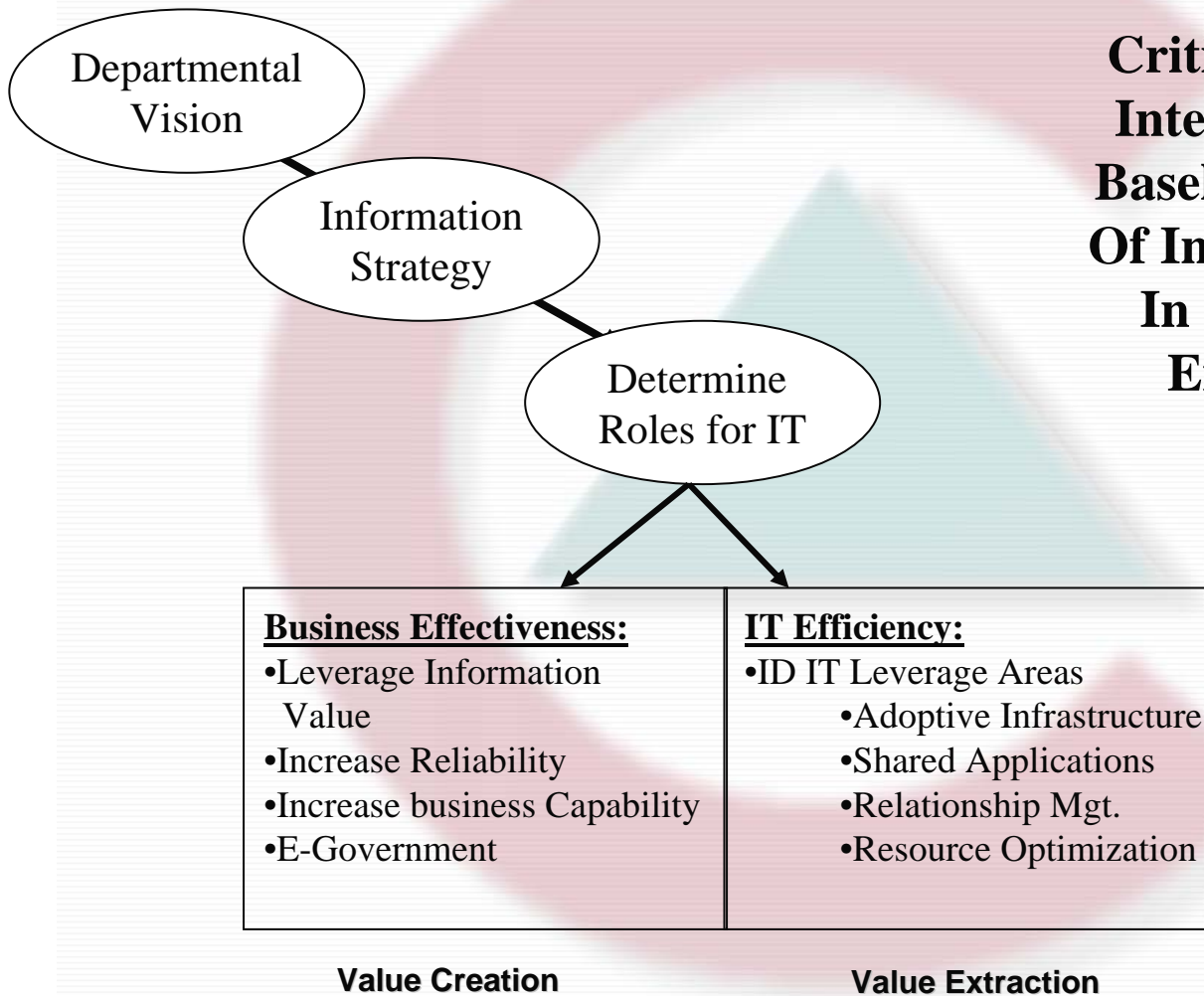
Critical Executive & Staff Interviews Determined A Baseline For Defined Roles Of Information Technology In Value Creation And Extraction For Each Department.

Departmental Vision

Information Strategy

Determine Roles for IT

Business Effectiveness:	**IT Efficiency:**
•Leverage Information Value	•ID IT Leverage Areas
•Increase Reliability	•Adoptive Infrastructure
•Increase business Capability	•Shared Applications
•E-Government	•Relationship Mgt.
	•Resource Optimization

Value Creation   **Value Extraction**

What is The Value and Capability of the State's of Information Technology?

Business

Firm Grasp of IT Business Value
Position Role and Use of IT within Business
Respond to Competitive Technology Opportunities or Threats
Time Critical Deployment of IT
Develop and Maintain Competitive IT Capability
Continual IT Business Alignment

Leadership

Establish and Align Expectations for IT
Reskill IT Personnel to be Business Literate
Establish and Maintain IT Processes
Promote and Drive IT Value Initiatives
Manage Change and Culture Issues
Measure and Communicate Value of IT

Technology

Deploy and Maintain Applications
Establish Stable and Reliable Operations
Deploy & Maintain Infrastructure
Establish and Maintain Sourcing Strategies
Manage Technology Obsolescence
Manage Critical Risks

Management Perceptions of Value

<u>Value of IT Assessment</u>

- **Executive Views & Perceptions**

- **IT Views and Perceptions**

- **Ready to start Gap Analysis**

- **Defining Credibility/Dependency**

April 15, 2004

Value Perception Survey – City of Kansas City

IT Business Alignment and Relationship Management	L No	M			H Yes
1.1 Relationship and Communication		Circle One			
• Does ITD know customer's perceptions about ITD? (1= no, 2= less than more, 3= more than less, 5= yes)	1	2	3	4	5
• Is there a process to set and manage expectations of ITD? (1= no process, 2= more informal, 3= more formal, 5= formal)	1	2	3	4	5
• How is the role of IT seen within the City? (1= pure cost overhead, 2= some value/mostly cost, 3= about the same, 4= mostly value/some cost, 5= value add)	1	2	3	4	5
• Is ITD able to forecast customer demand for services (e.g. application development)? (1= no, 3= somewhat, 5= always)	1	2	3	4	5
• How aligned would you say IT is with the business right now? (1= not at all, 2= more misaligned, 4= more aligned, 5= aligned)	1	2	3	4	5
• How much interaction do business and ITD management have? (1= little not meaningful, 2= a lot not meaningful, 4= little but meaningful, 5= a lot and meaningful)	1	2	3	4	5
• Is there a single business contact that manages the department's or organization's relationship with ITD? (1= no, 5= yes)	1	2	3	4	5
• What is the City's overall capacity to deal effectively with change? (1= resistant to change, 3= reacts/adjusts to change, 5= plans and manages change)	1	2	3	4	5
• Is there a positive and healthy culture between ITD and the City Offices? (1=no, hostile relations, 2= tolerance, 3=mixed relations, 4=solid relations, 5= yes, respected relations)	1	2	3	4	5
• Is there a single customer contact that manages the ITD relationship with the City Offices? (1=no, 5=yes)	1	2	3	4	5
• Is there an effective surveying/reporting or similar process that indicates the degree of IT responsiveness to the business? (1= no process, 2= not effective, 3= somewhat effective, 5= effective process)	1	2	3	4	5
• Do business managers understand the value that ITD can/should contribute? (1= less than 25% understand, 2= up to 50% understand, 3= up to 60%, 4= up to 80%, 5= nearly 100%)	1	2	3	4	5
• How effective is the current organization in responding to business opportunities? (1= IT and business not effective, 2= IT effective only, 4= business effective only, 5= both IT and business effective)	1	2	3	4	5

ITD

Page 1

Defines a
Business Value Agenda

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Value Survey Response

Department	CSF	Survey Out	Survey In
Agriculture & Land Stewardship	Z		
Blind, Department for the	X	8/12/04	
	X	8/12/04	
Civil Rights	x	8/16/04	
College Student Aid Commission	x	8/16/04	
College Studen		8/16/04	
Commerce - Al			
Commerce - Ba		8/13/04	
		8/13/04	
Commerce - Cr		8/13/04	
		8/13/04	
Commerce - In		8/16/04	
		8/16/04	
Commerce - Pr			
Commerce - Ut		8/17/04	
Commerce - Ut		8/17/04	
Corrections		8/11/04	
		8/11/04	
Cultural Affairs		8/12/04	
		8/12/04	
DAS - Core Ser			
		8/10/04	
DAS - ITE	x		
	z		
	z		
	z		
	X	8/9/04	
	z		

Critical Success Factors
- Findings Distributed
- Feedback and updates

Surveys Sent: 119

Surveys Returned: 52% to date

IT/Business Credibility & Dependency
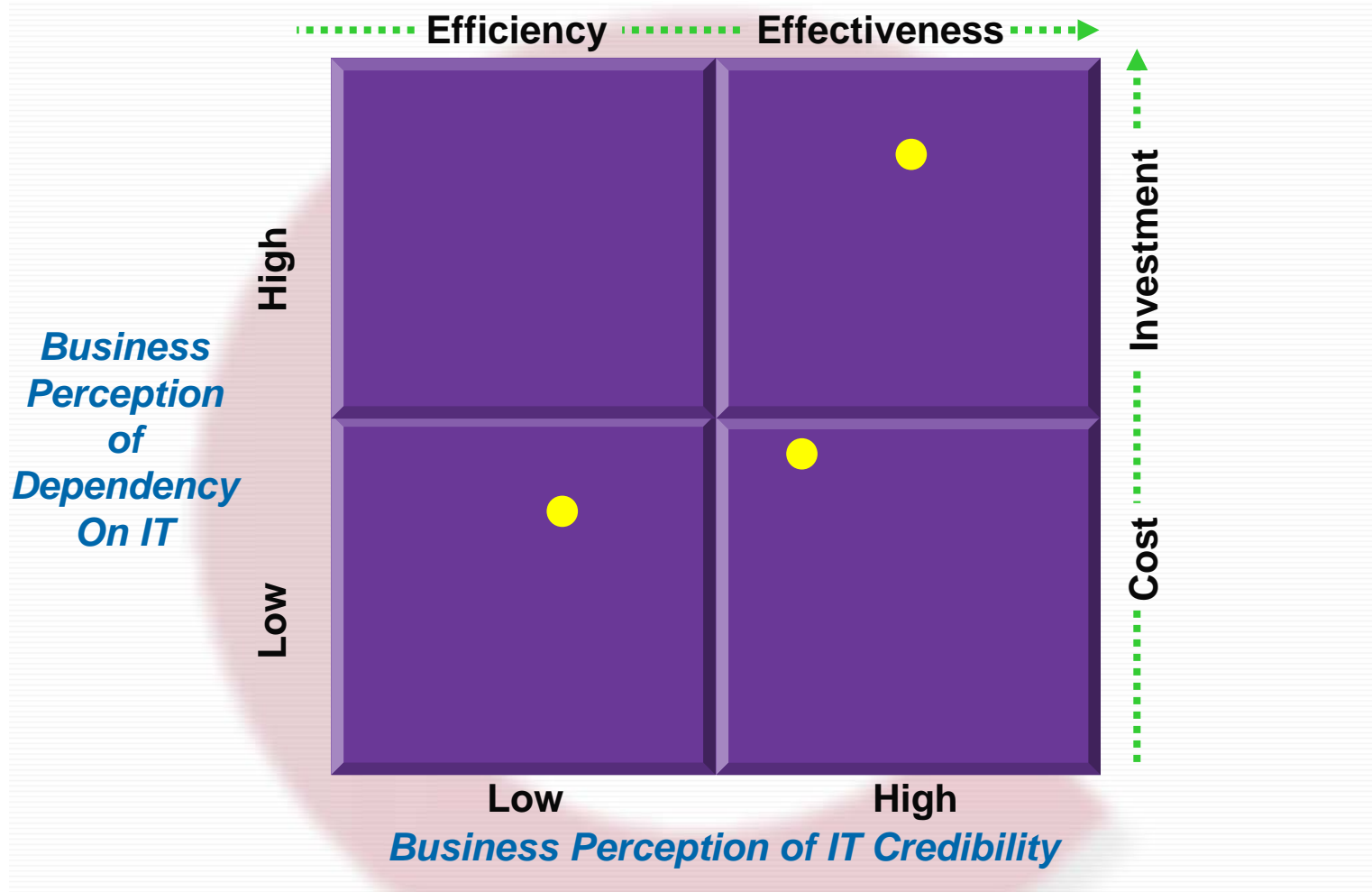
Value Perceptions Are Directly Correlated To The Value And Maturity Of The IT/Business Relationship

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Financial Review

Department of: All Departments   Key IT Elements

Current Technology Budget: _$125M_
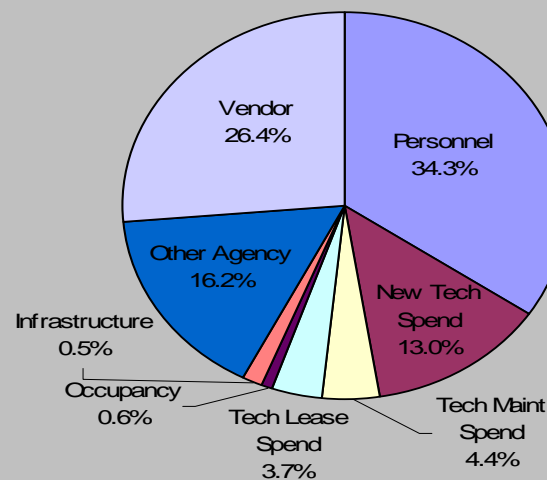
Current Headcount: 630.75

Workforce Distribution FTE - 630.75

IT Plng & Admin	Bus Apps/E-Gov't	Infrastructure Svcs	Client Rel. Mgmt.
94.25	242	199.25	95.25

Computing Devices - 18,874
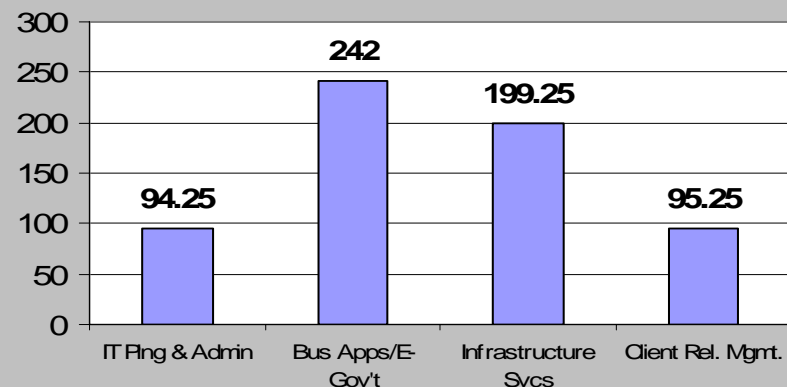
Desktop	Servers	Laptops
15,859	1,141	1,874

Agency Total IT Cost $125.1M

- Personnel 34.3%
- Vendor 26.4%
- Other Agency 16.2%
- New Tech Spend 13.0%
- Tech Maint Spend 4.4%
- Tech Lease Spend 3.7%
- Occupancy 0.6%
- Infrastructure 0.5%

Coeur Business Group
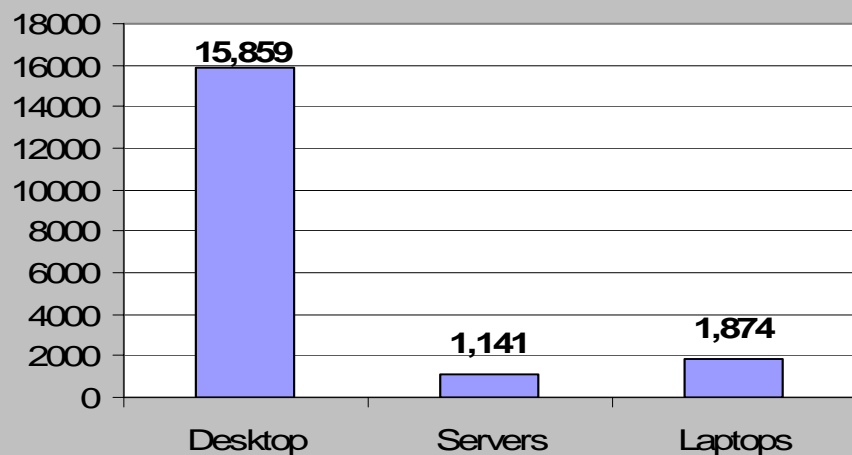
Department of: All Excl DAS & ICN   Key IT Elements

Current Technology Budget: *$108M*

Current Headcount: *496.25*

Workforce Distribution FTE - 496.25

- IT Plng & Admin: 74.75
- Bus Apps/E-Gov't: 211
- Infrastructure Svcs: 127.25
- Client Rel. Mgmt.: 83.25

Computing Devices - 17,377

- Desktop: 14,679
- Servers: 914
- Laptops: 1,784

Agency Total IT Cost $108.4M

- Personnel 30.3%
- New Tech Spend 13.2%
- Tech Maint Spend 4.0%
- Tech Lease Spend 1.4%
- Occupancy 0.7%
- Infrastructure 0.5%
- Other Agency 18.6%
- Vendor 30.2%
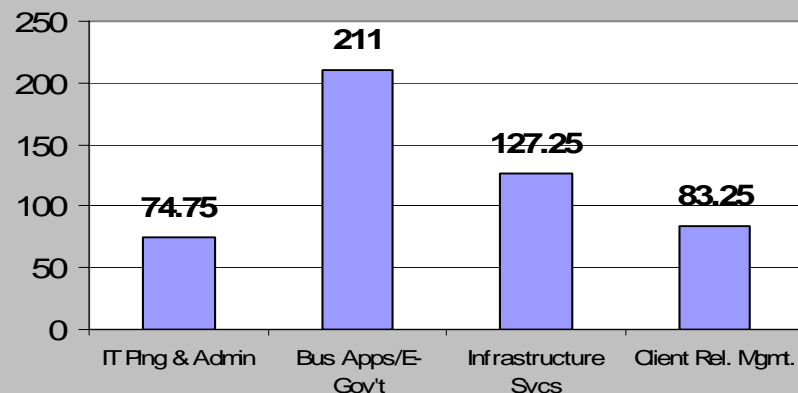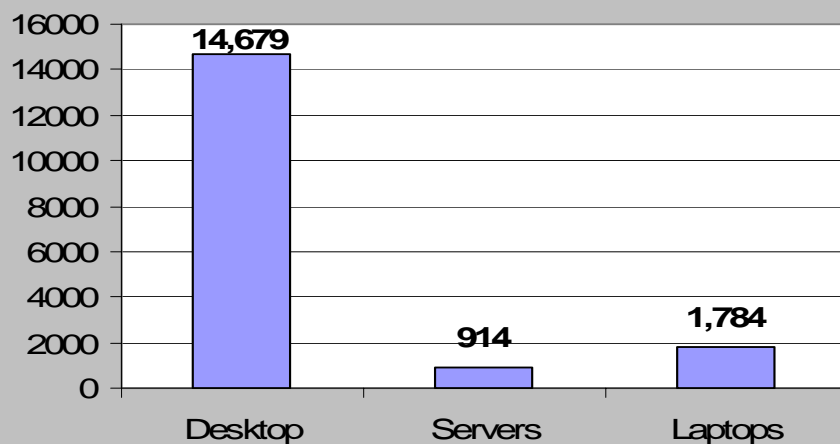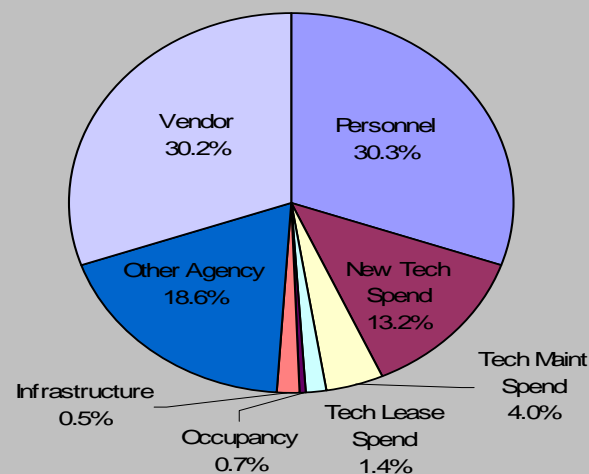
Department of: DAS

Key IT Elements

**Current Technology Budget*: $15.2M*

Current Headcount: *124.5*

Workforce Distribution FTE - 124.5

Category	FTE
IT Plng & Admin	18.5
Bus Apps/E-Gov't	27
Infrastructure Svcs	67
Client Rel. Mgmt.	12.00

Computing Devices - 1304

Device	Count
Desktop	1008
Servers	206
Laptops	90

Agency Total IT Cost $15.2M

- Infrastructure 0.1%
- Tech Lease Spend 20.3%
- Tech Maint Spend 7.1%
- New Tech Spend 11.1%
- Personnel 61.4%

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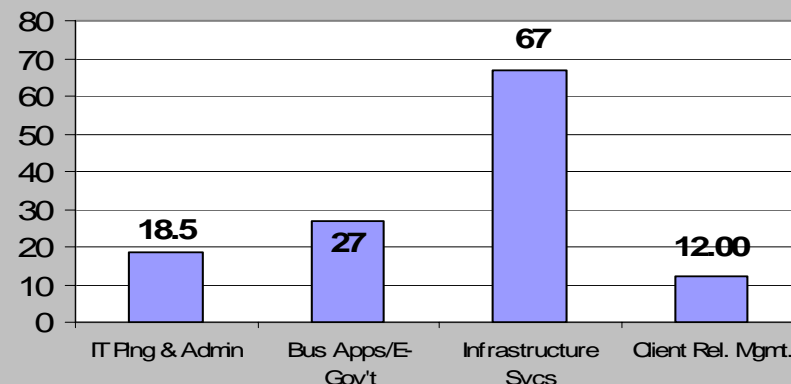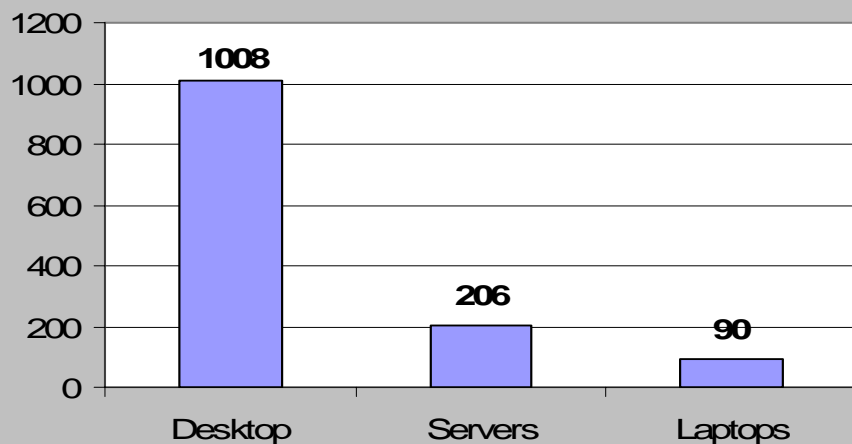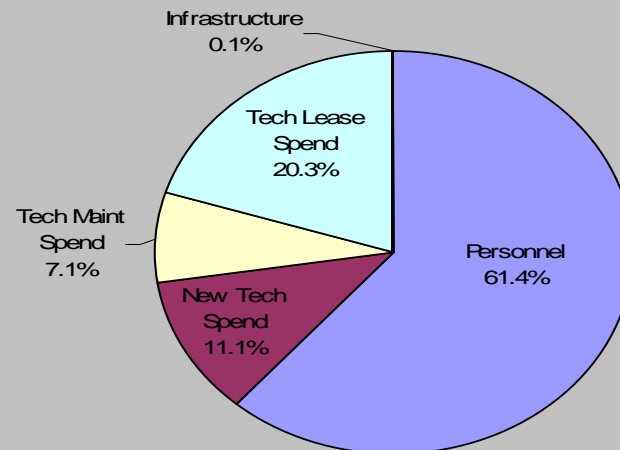
Department of: ICN

Key IT Elements

Current Technology Budget: $*1.4M*

Current Headcount: *10*

Workforce Distribution FTE - 10.0

Category	FTE
IT Plng & Admin	1
Bus Apps/E-Gov't	4
Infrastructure Svcs	5
Client Rel. Mgmt.	0.00

Computing Devices - 193

Device	Count
Desktop	172
Servers	21
Laptops	0

Agency Total IT Cost $1.4M

- Infrastructure 2.3%
- Vendor 21.0%
- Personnel 50.2%
- Tech Maint Spend 1.2%
- New Tech Spend 25.3%

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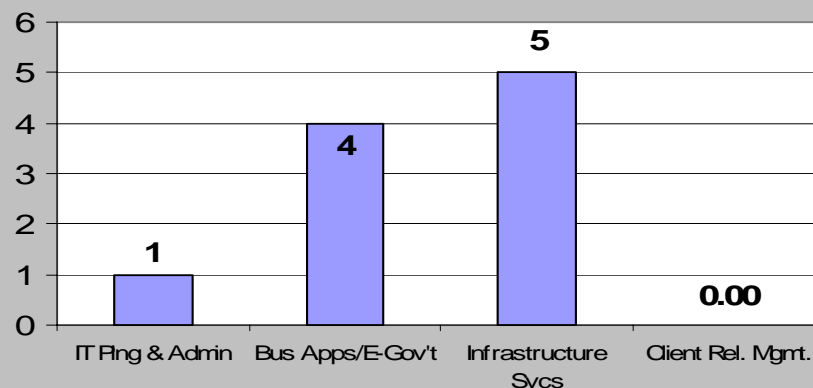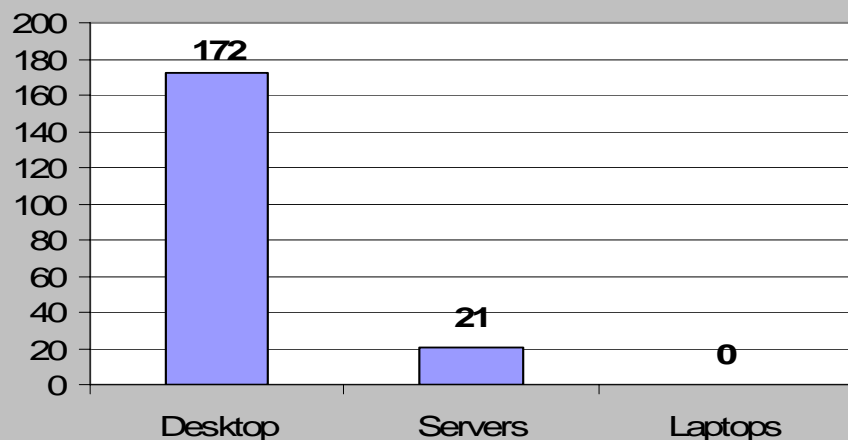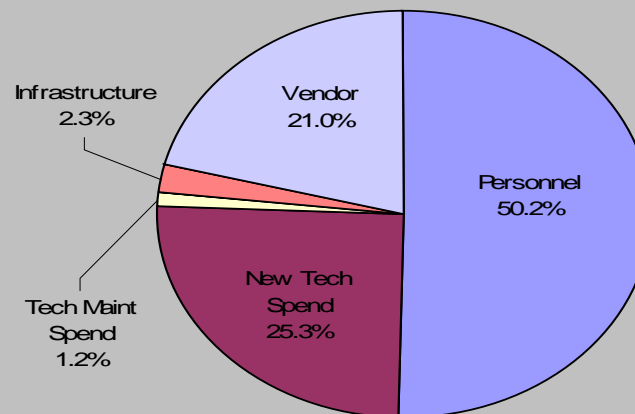
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IT Operations
Capability & Agility

What will the Capability Agility Workshop Accomplish?

♦ Current Maturity Positions for:

- *Strategy Formulation*
- *Production Services*
- *Administration*
- *Human Resources*
- *End User Communications*
- *User/IT Interface*
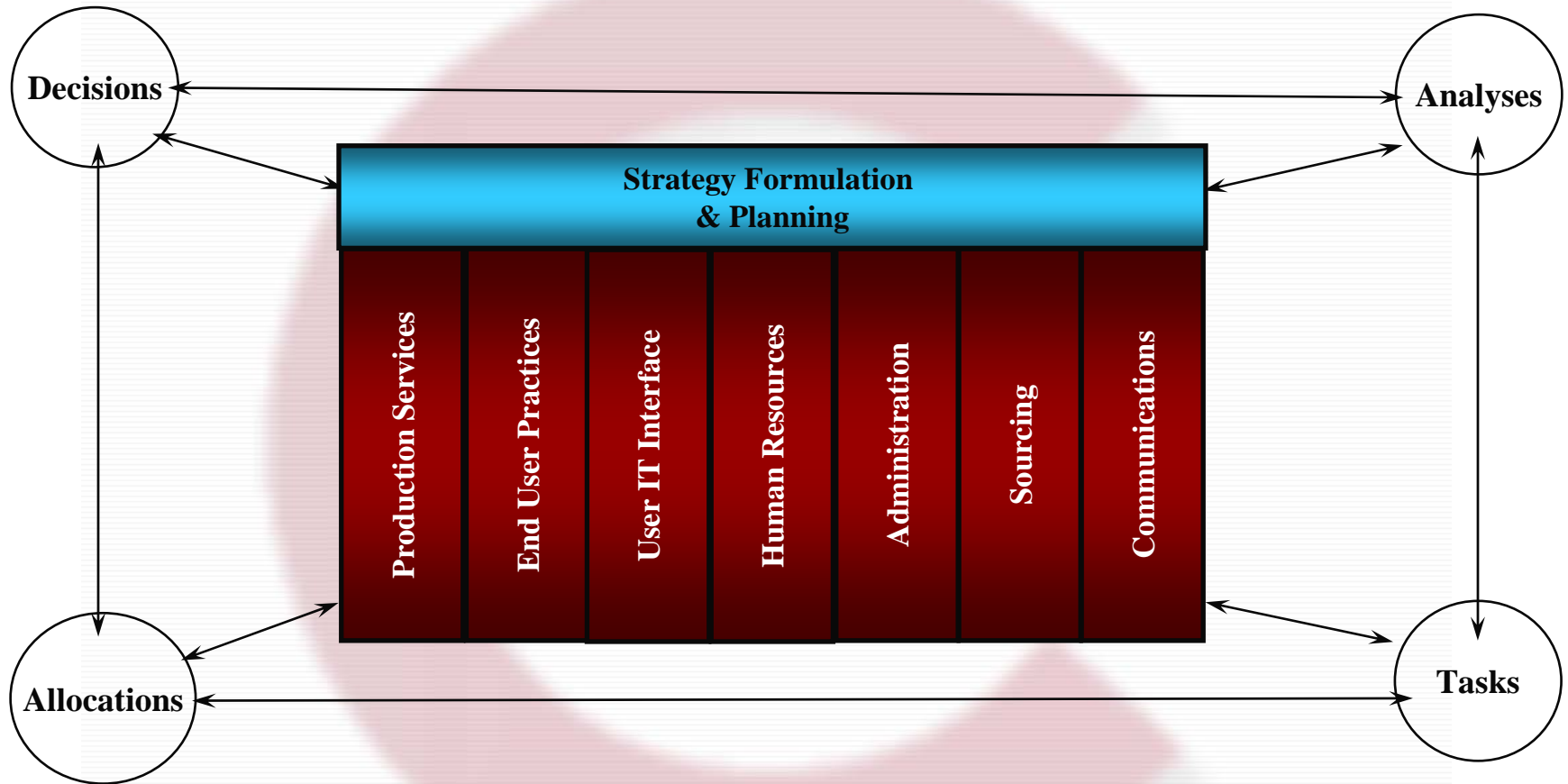- *Communications Systems*
- *Procurement Services*

If You Change Nothing, Where Will You Be in 5 Years?

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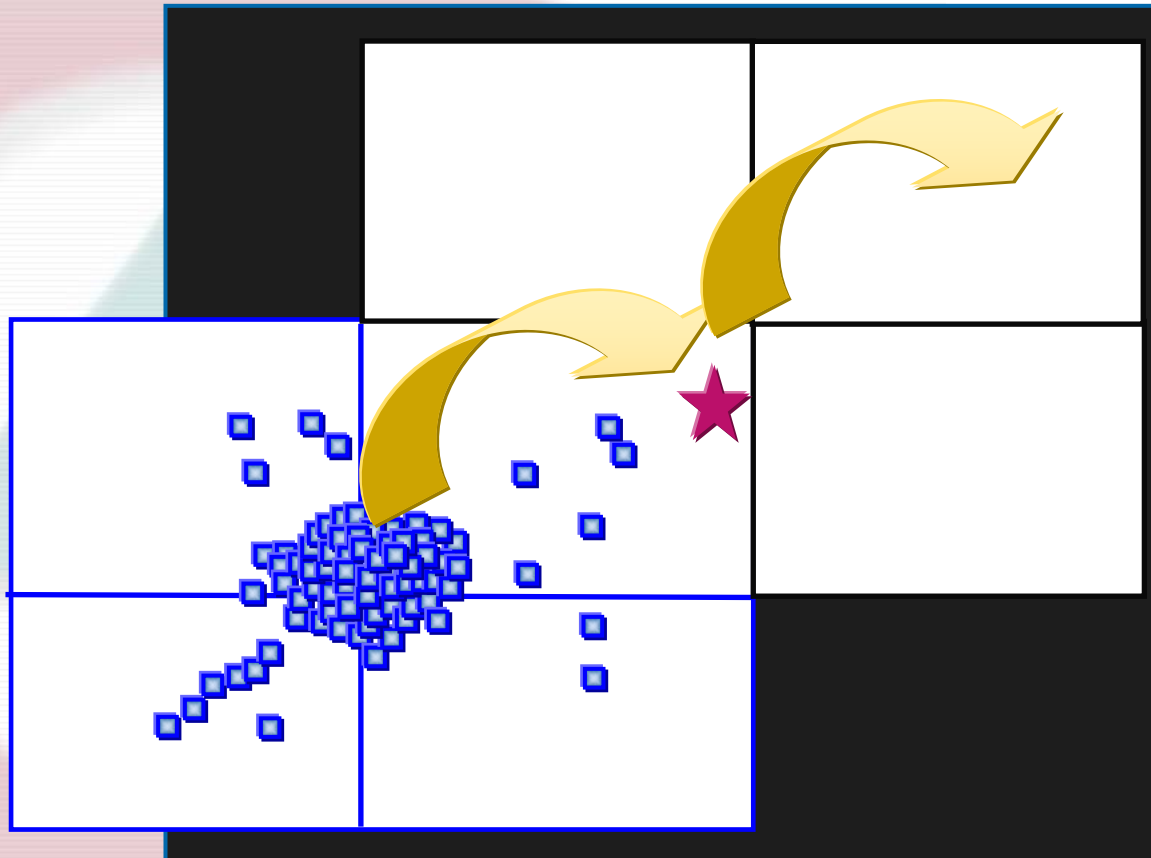
COBIT Model: Four Domains & Control Objectives For IT

Business Objectives

COBIT

Information
- Effectiveness
- Efficiency
- Confidentiality
- Integrity
- Availability
- Compliance
- Reliability

IT Resources
- People
- Application Systems
- Technology
- Facilities
- Data

Monitoring

Planning & Organization

Delivery & Support

Acquisition & Implementation

M1 Monitor the processes
M2 Assess internal control adequacy
M3 Obtain independent assurance
M4 Provide for independent audit

PO1 Define a strategic IT plan
PO2 Define the information architecture
PO3 Determine the technological direction
PO4 Define the IT organization and relationships
PO5 Manage the IT investment
PO6 Communicate management aims and direction
PO7 Manage human resources
PO8 Ensure compliance with external requirements
PO9 Assess risks
PO10 Manage projects
PO11 Manage quality

DS1 Define service levels
DS2 Manage third-party services
DS3 Manage performance and capacity
DS4 Ensure continuous service
DS5 Ensure systems security
DS6 Identify and attribute costs
DS7 Educate and train users
DS8 Assist and advise IT customers
DS9 Manage the configuration
DS10 Manage problems and incidents
DS11 Manage data
DS12 Manage facilities
DS13 Manage operations

AI1 Identify solutions
AI2 Acquire and maintain application software
AI3 Acquire and maintain technology architecture
AI4 Develop and maintain IT procedures
AI5 Install and accredit systems
AI6 Manage changes

Source: ISACA

Agility Assessment Framework (COBIT Based)

Decisions

Analyses

Strategy Formulation & Planning

Production Services

End User Practices

User IT Interface

Human Resources

Administration

Sourcing

Communications

Allocations

Tasks

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Agility & Maturity Levels

•**Regularity of Performance**

•**Formality of Process**

•**Organizational Coverage**

•**Functional Quality**

CoBIT Driven IT Controls and Best Practices

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IT Controls – Example Detail Feedback
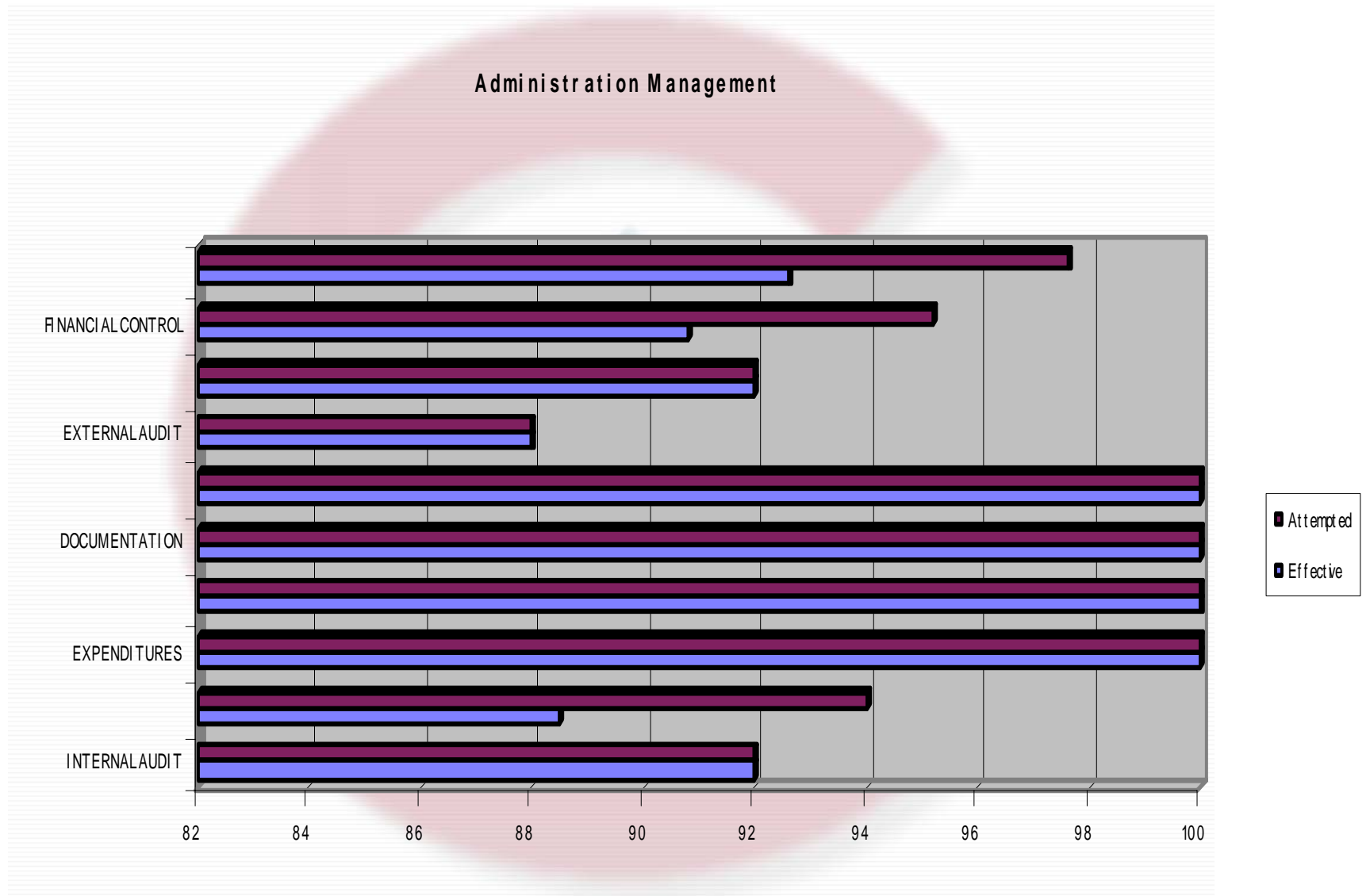
Administration Management

Legend:
- Attempted
- Effective

Categories (top to bottom): FINANCIAL CONTROL, EXTERNAL AUDIT, DOCUMENTATION, EXPENDITURES, INTERNAL AUDIT

X-axis: 82, 84, 86, 88, 90, 92, 94, 96, 98, 100

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Strategy and Planning
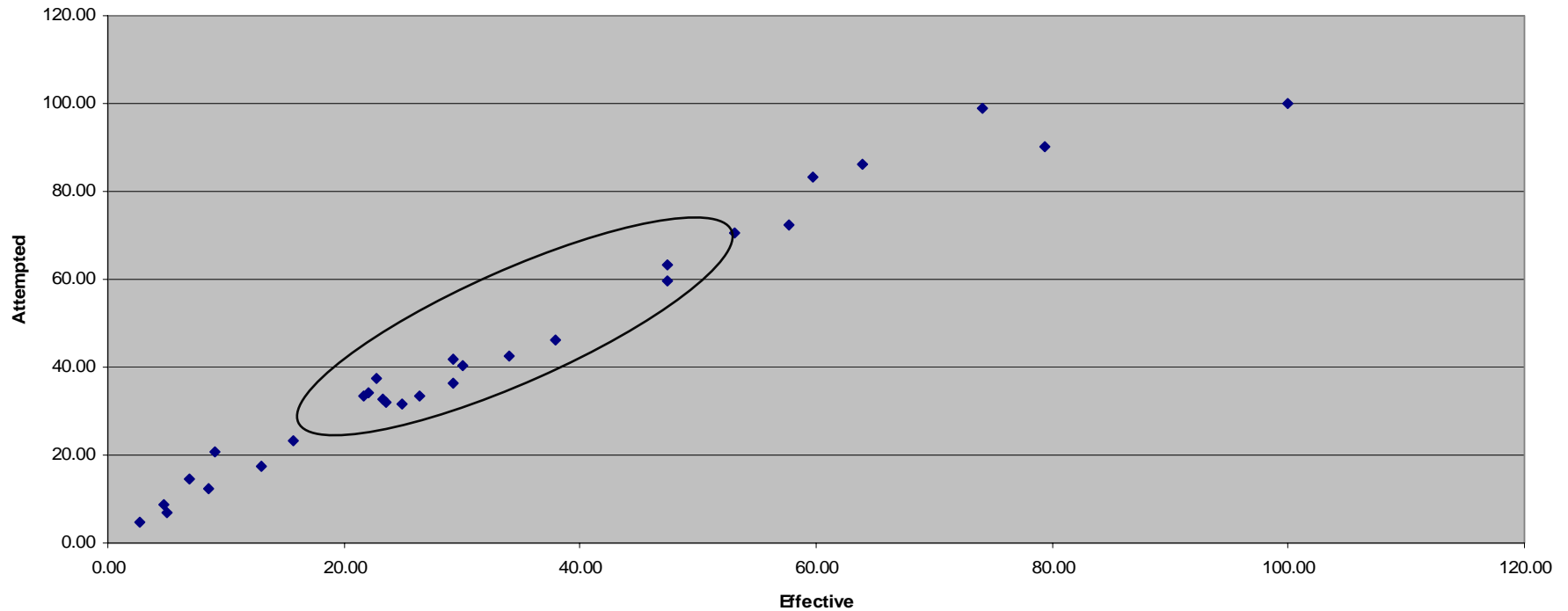
Administrative Management
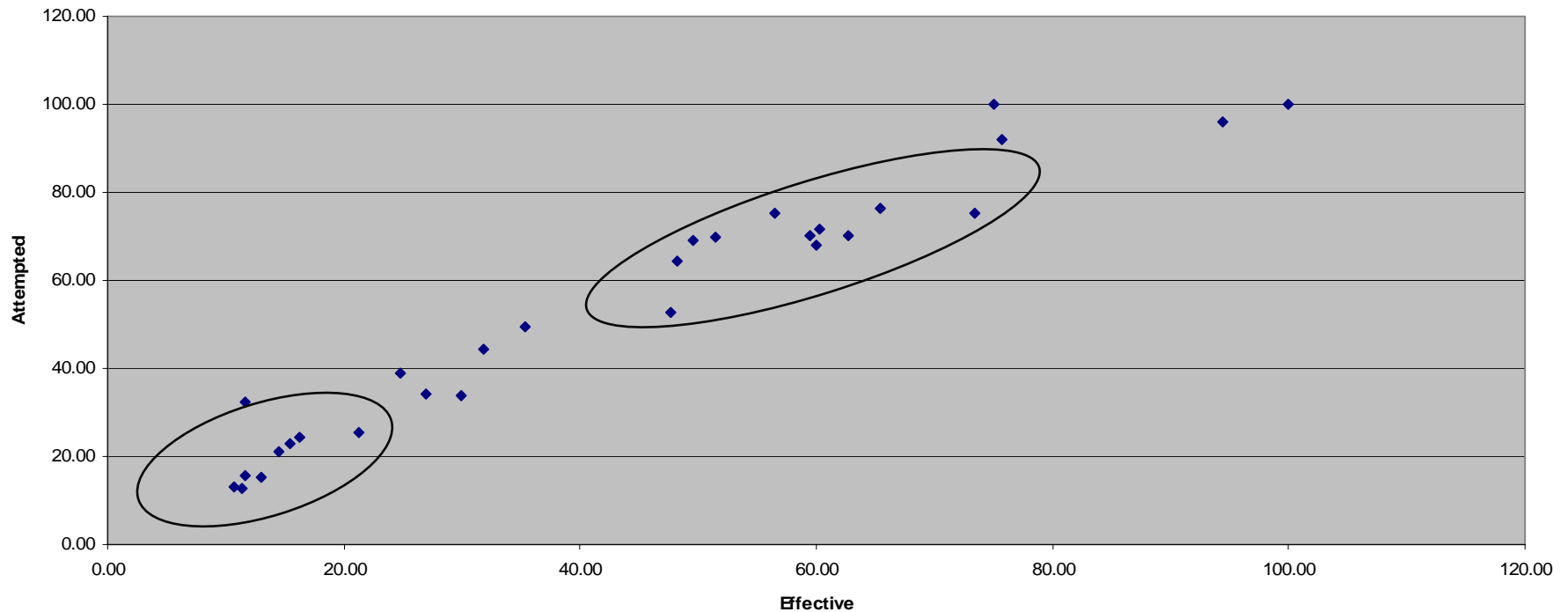
Human Resource Management

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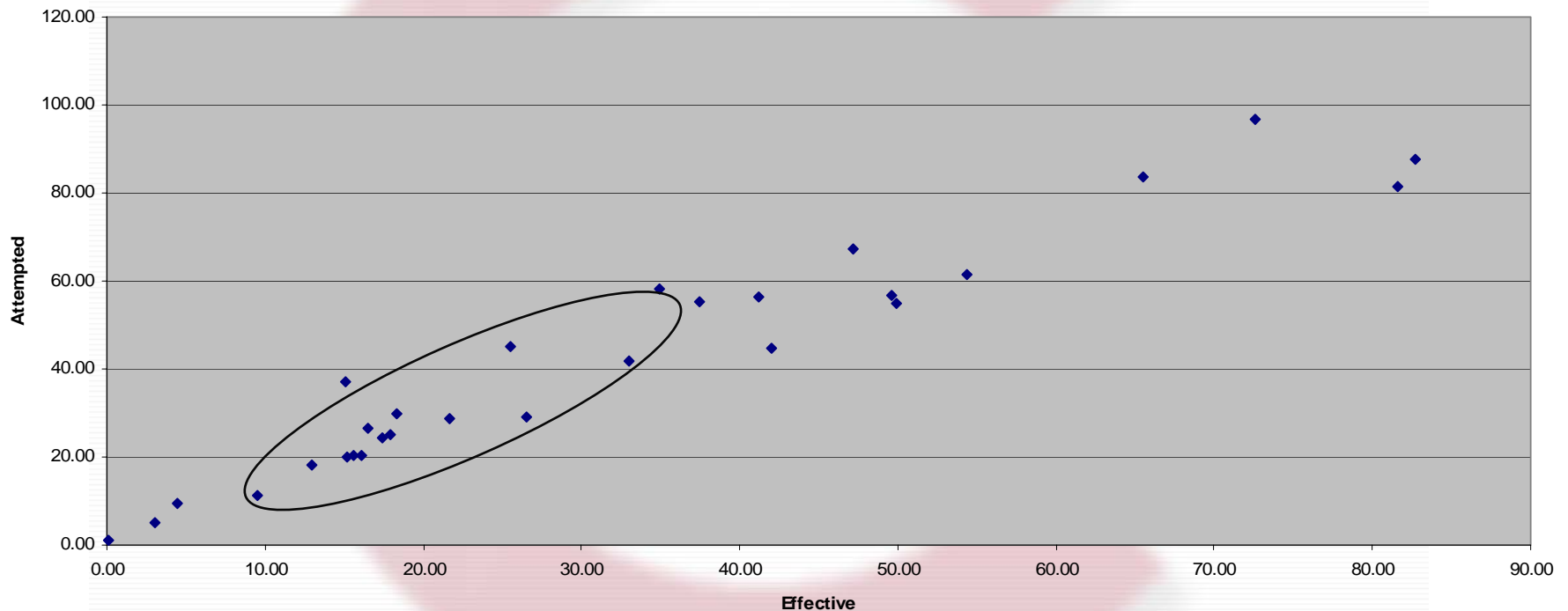
Production Service Management
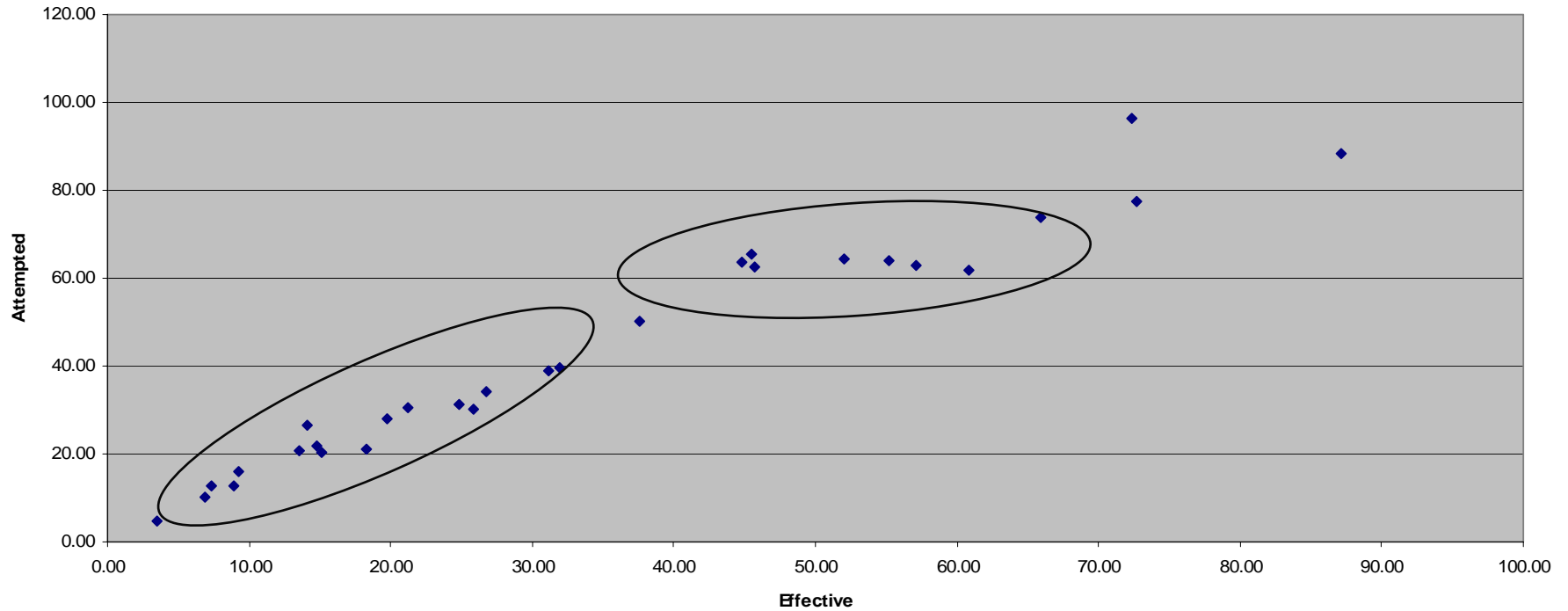
End User Computing Practices
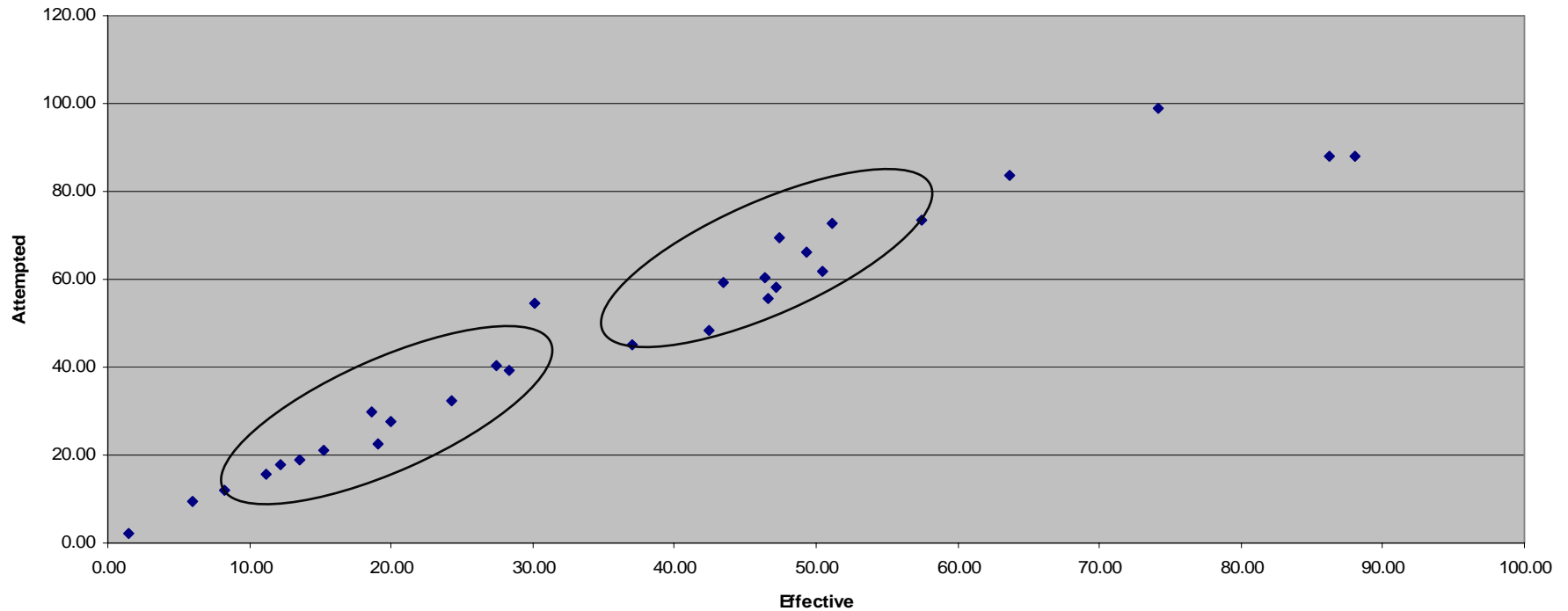
User and IT Interface Management
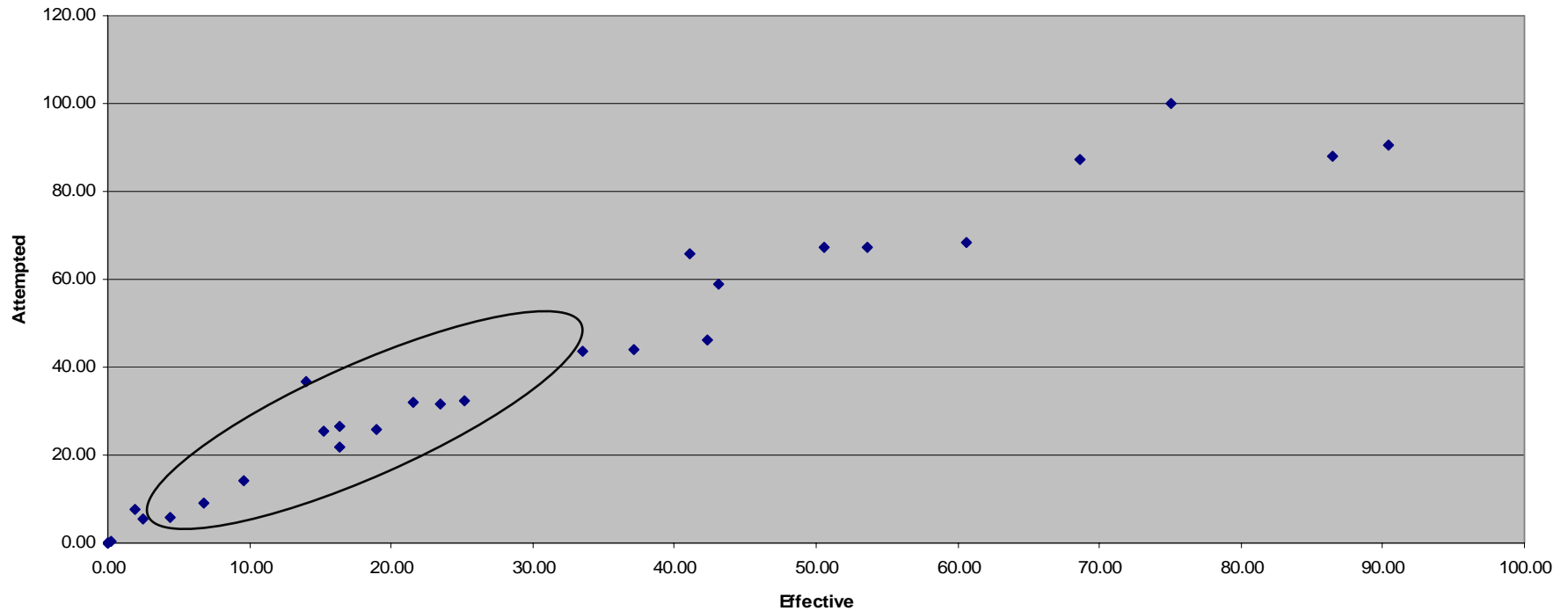
Communications Systems Management
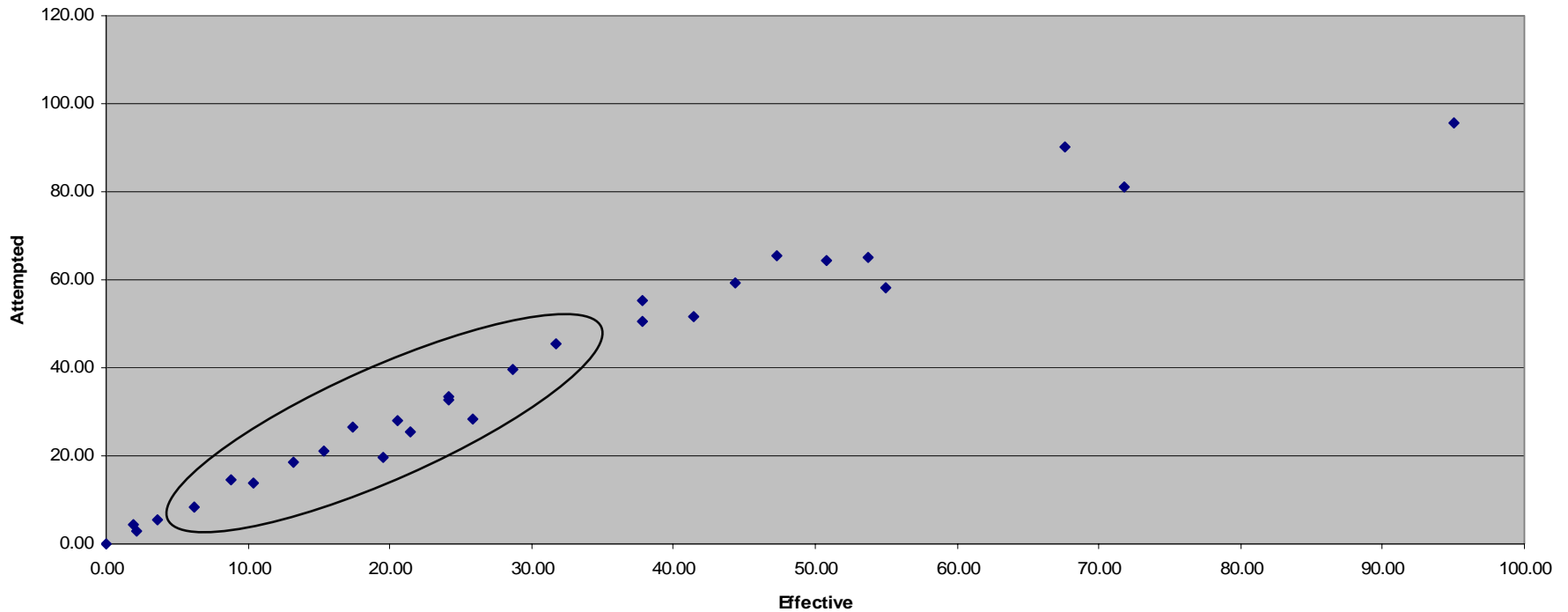
Sourcing
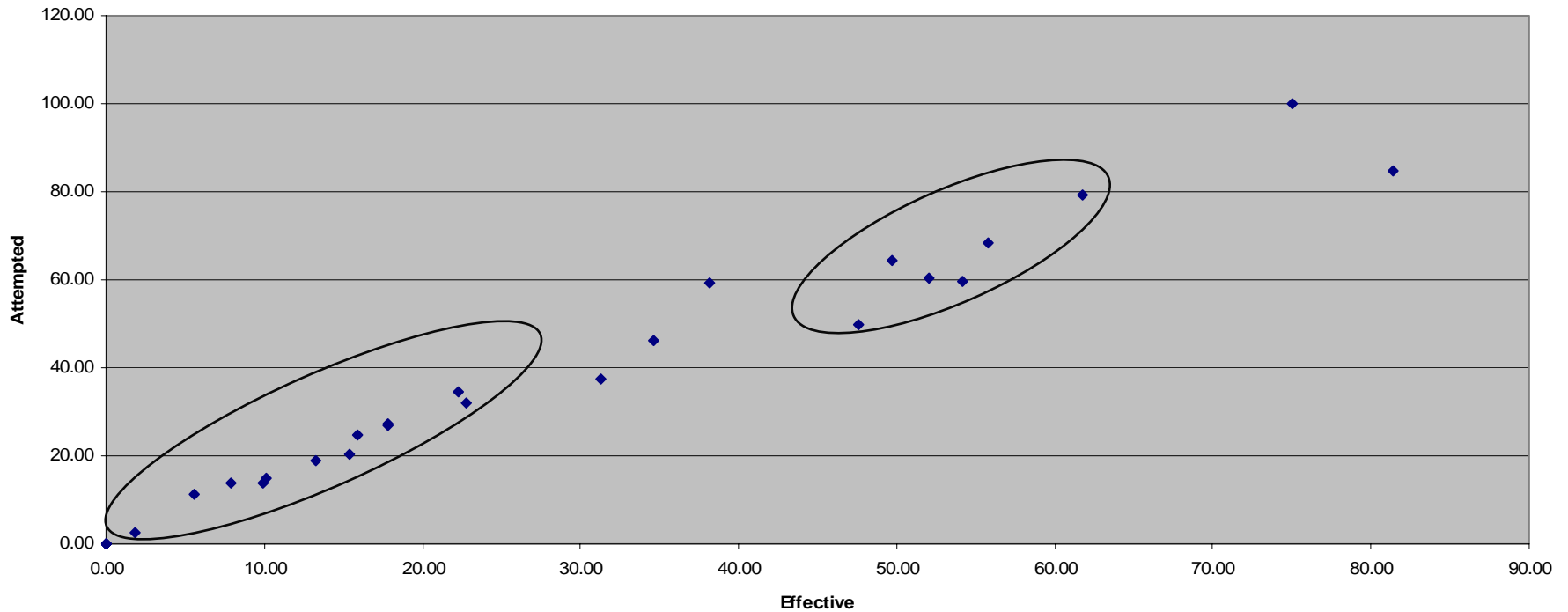
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Initial Findings

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Departments' View
of What They Value

Tangible Functionality Delivered

Fulfilling Commit-ments
Reliability
Compe-tence
Responsive and Accessible
Improves My Business
Communi-cation
Cost-Competitive-ness
Ease of Doing Business

Intangibles (outer circle)
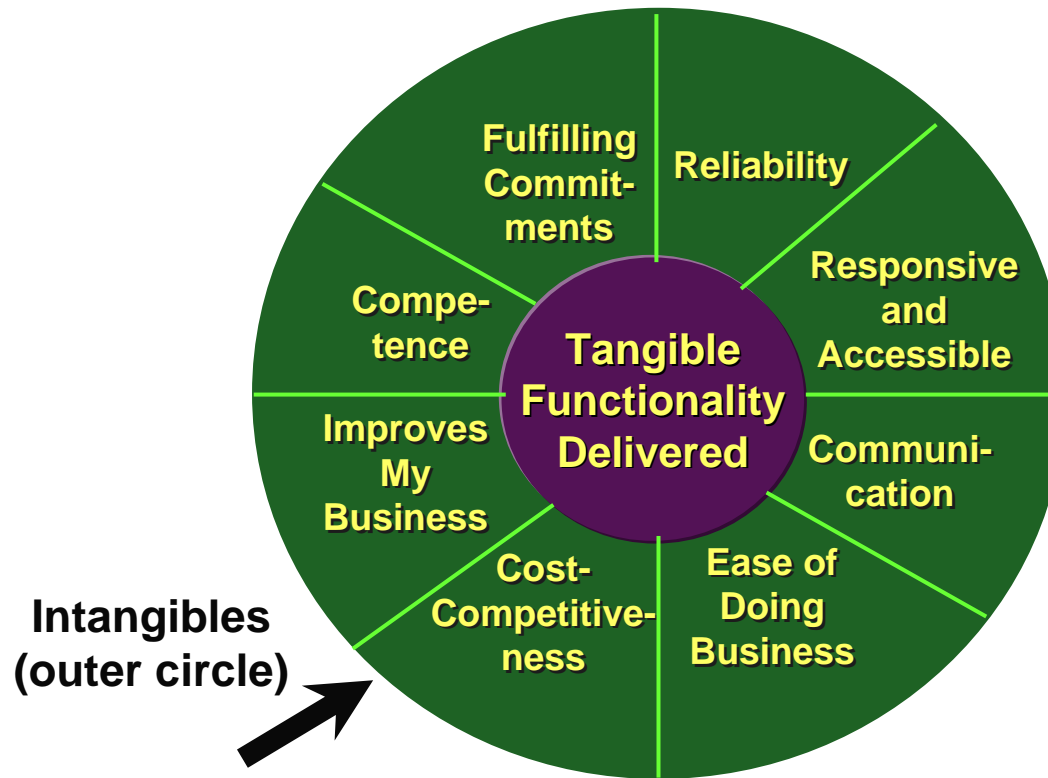
Critical Requirements for Information Technology

- **Reliability**
- **Responsiveness & Accessibility to Information**
- **Communications to clarify business information requirements**
- **Ease of doing business**
- **Cost competitive services**
- **Improvements to the Departments business**
- **Competence of resources**
- **Fulfillment of commitments**

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Defined Common Drivers of Value (preliminary)

Department Executives IT Support Desired

Common Departmental Value Drivers	Supporting	Enabling	Driving
◆ Maintain competitive strategy and position	L	(M)	H
◆ Obtain better information to manage business	L	M	(H)
◆ Exploit new business opportunities/technology	L	(M)	H
◆ Maintain low cost/competitive provider structure	L	M	(H)
◆ Evaluate capital financing/asset management	L	M	(H)
◆ Manage change - ability to minimize risk	L	(M)	H
◆ Develop and deploy resources	L	M	(H)

Risk ⟵————————⟶ **Value**

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Initial Top Level Findings

- Leverage Statewide ISP Relationships
- Utilize ICN as the Connectivity Standard Statewide
- Reliability Of Statewide ITE Services At Question
- Need For 24 X 7 Helpdesk Functionality (Multiple Exist)
- Perception For Need Of "Market Pricing" For ITE Central Services
- Defined Need For ITE Marketing Of Services
  - *Statewide Catalogue Of Services*
  - *Competitive Pricing Clarifications*
  - *Promotional Information*
  - *SLA's, Defined*
- Relationship Management Required For ITE
- A Common Grant Writing System (multiples being developed)
- Data Warehouse Development
  - *Shareable Data/Information*
  - *Security And Confidentiality Management*

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Developing a Service Provider Model - IT As a Business
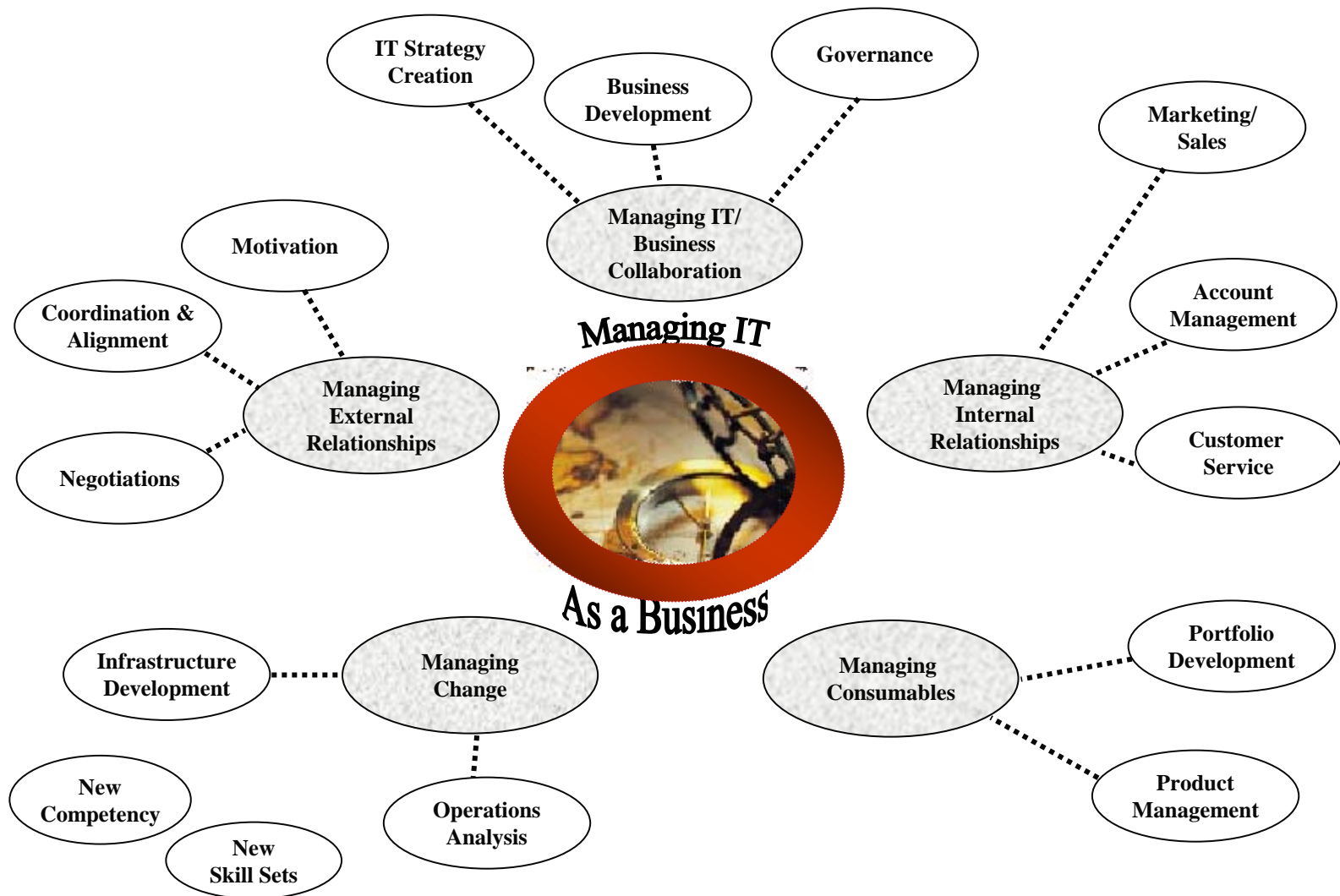
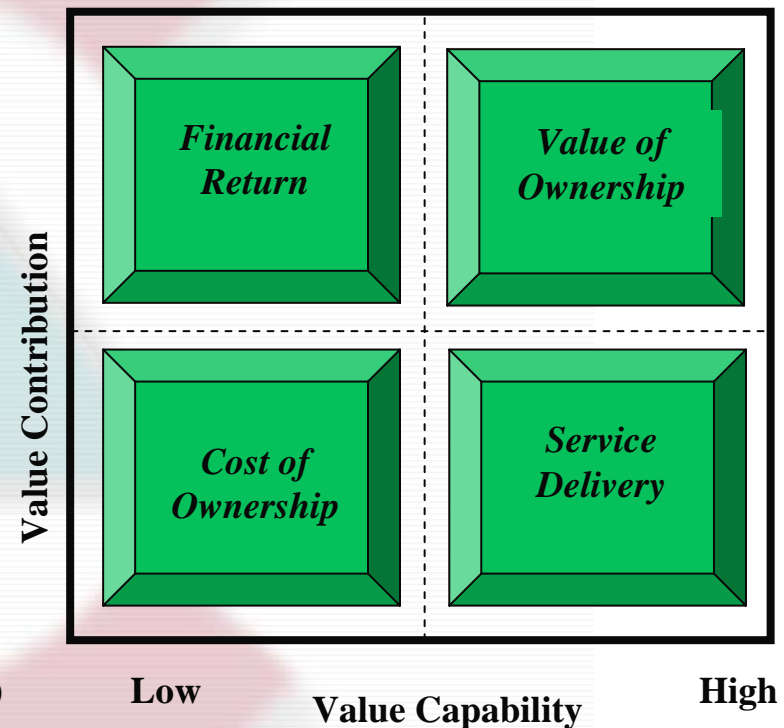# Assess Departmental Business Value Supported by IT

Effectiveness (Business Impact)

    Increase Revenues

    Increase Productivity

    Decrease Cycle Time

    Decrease Risk

Efficiencies (Process & Cost)

    Allocate IT spending to business

    Identify investment patterns

    Prepare " Business to IT" ratios (IT/% Bud)

    Define business value supported

    Assess Resource Contribution

Value Framework

Value Contribution	*Financial Return*	*Value of Ownership*
	Cost of Ownership	*Service Delivery*
	Low	High
	Value Capability	

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Workshop Issues

•**Prioritize The Constraints/Barriers**

      •**Green = Can do within my IT organization**

      •**Yellow = Need support of my Department head**

      •**Red = Need support from Executive Level (External to Your Organization or Regulatory**

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Next Steps

Next Steps – Phase 2B

Assessment of CSF Findings

Value Gap Analysis

Gap Recommendations

Categorization of cost elements

- **CFO reviews**
- **DOM Reviews**

Definition of Improvements

Cost Savings Recommendations

Initial Organizational Determinations

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Parking Lot Elements

- ♦ Capturing Cross Departmental Collaboration Efforts
  - *Coeur Group recommends input from CIO's defining their collaborative efforts*

- ♦ 2. Technical Staff Sharing Elements
  - *Coeur Group recommends input from the CIO's Regarding same.*

- ♦ 3. Co-location of IT Staff to Departments supported
  - *Coeur Group defines this as "efficiency of proximity."*
  - *Our methodology and strategies take this into consideration (client relationship management) and would request any additional specific uniqueness elements be defined and sent to Coeur for input*

  (Steve Gast – Coordinate with Coeur Group)

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Move Forward Principles

♦ **Build On Current Strengths**

♦ **Align With Leadership Agenda And Business Drivers**

♦ **Offers Long Term Perspective**

♦ **Strengthen Accountability For Results**

♦ **Maximize Efficiencies And Effectiveness**

♦ **Agility With Strategic Perspectives**

Scheduled EIP Steering Committee Meetings

Project Planning & Initiation Session	July 23, 2004
Discovery & Initial Findings Update	August 27, 2004
Scenario Development Review #1	September 24, 2004
Scenario Development Review #2	October 8, 2004
Scenario Review and Validation #3	October 22, 2004
Draft Recommendations Session	November 5, 2004
Final Recommendations Presentation	November 19, 2004
Legislative Presentation	December, 2004

Questions